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E.O. 12958: DECL: 04/07/2016  
TAGS: PGOV PREL KNNP IR XE JA  
SUBJECT: IRAN: INITIAL JAPAN REACTION TO USG THINKING

REF: STATE 54012

Classified By: Deputy Chief of Mission Joe Donovan. Reasons 1.4 b/d

¶1. (C) On April 6, Post conveyed reftel points regarding the status of USG thinking on Iran to the Ministry of Foreign Affairs (MOFA) Non-proliferation and Second Middle East divisions, as well as the Ministry of Economics, Trade and Industry (METI). MOFA also shared the information with its Policy Coordination Division.

¶2. (S) Initial reactions from our interlocutors generally underscored that Japan continues to place priority on the nuclear/non-proliferation issue. MOFA Non-Proliferation, Science and Nuclear Energy Division Officer Teppei Kanda said the Japanese government considers Azadegan and the Iranian nuclear problem to be separate but related issues. That said, Japan will never allow its stake in the Azadegan oilfield to influence its firm opposition to Iran's development of advanced nuclear fuel cycle technologies, including uranium conversion, or nuclear weapons, according to Kanda. Kanda cited the potential of the Iranian nuclear issue to undermine the credibility of the NPT regime and its potential influence on the North Korean nuclear weapons issue as prime reasons behind Japan's position.

¶3. (C) Kanda told ESToff that Tokyo currently is preparing for the possibility of some sort of sanctions being applied to Iran in the event it fails to comply with the UNSC Presidential Statement in the allotted timeframe. Pressed further on the types of sanctions Japan envisions in that event, Kanda said that internal Japanese discussions had yet to identify a concrete sanctions menu. However, Kanda acknowledged that sanctions targeting Iran's financial and petroleum sectors would have the most impact; he also pointed out that they would cause the most economic pain to Japan.

¶4. (C) Second Middle East Division's Koichi Nakao started by pointing out that Prime Minister Koizumi's office had just released its joint statement of the visit of Saudi Crown Prince Abdullah, which called for the Middle East to be free of weapons of mass destruction and reiterated the importance of resolving the Iranian nuclear issue diplomatically. He also stressed the importance of UNSC unity in dealing with Iran's nuclear issue, and said he would be interested to know what the U.S. envisions as next steps should Iran not respond to the IAEA Board's February 4 resolution. He said MOFA is very interested in hearing more details as to what kind of bilateral energy dialogue we were proposing, noting that attempts at a bilateral energy security dialogue in 2003-2004 quickly fizzled.

15. (C) METI/Agency for Natural Resources and Energy's Kenji Goto, Director of the International Affairs Division, and Hirofumi Katase, Director of the Petroleum and Natural Gas Division, both expressed appreciation for the information but did not have any immediate comments. They acknowledged having followed the press articles alleging that U.S. officials had made comments about Azadegan but had also seen comments made by Press Secretary McClellan two weeks earlier denying them. Katase, like Nakao, asked pointedly if the U.S. was maintaining its pressure on Japan to pull out of Azadegan. Both were told that the U.S. is neither formally nor informally requesting that Japan cancel the Azadegan project at this time.

SCHIEFFER